

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Minutes of the Board of Trustees

Wednesday, January 19, 2005

TRUSTEES PRESENT

Ms. Katherine Thomason, Chairperson
Ms. Kathleen Watanabe, Vice-Chairperson
Ms. Nelson Befitel
Ms. Joan Lewis

Mr. Willard Miyake
Mr. John Radcliffe
Mr. Mark Recktenwald
Mr. Stanley Shiraki

TRUSTEES ABSENT

Mr. Gerald Machida, Secretary-Treasurer
Mr. Dayton Nakanelua

ATTORNEY

Mr. Brian Aburano, Deputy Attorney General

EUTF STAFF

Mr. James Williams, Administrator
Mr. Lawrence Nishihara
Ms. Maria Quartero
Ms. Kathleen Shiroma

Mr. John Garner, Consultant
Mr. Andy Keowen, Consultant
Ms. Donna Tonaki

OTHERS PRESENT

Ms. Lynette Arakawa, HDS
Ms. Sandra Benevides, Kaiser Permanente
Ms. Brandy Ching, Kaiser Permanente
Ms. Monica Engle, VSP
Ms. Odetta Fujimori, HSTA-R
Ms. Elaine Fujiwara, HDS
Dr. Chiyome Fukino, DOH
Ms. Venice Gabuyo, MBAH
Ms. Bev Gotelli, HSTA
Ms. Susan Hagiwara, HSTA
Mr. Rick Jackson, MDX Hawaii
Ms. Susan Jackson, DOH
Mr. Eleu Kane, Summerlin
Ms. Ruth Kim, HSTA-R

Ms. Alice Kotake, HSTA-R
Mr. Brian Malanaphy, Malanaphy Consulting
Mr. Norbert Mendes, HDS
Mr. Maurice Morita, HSTA
Mr. Michael Moss, HMSA
Ms. Susan Nogan, NEA
Ms. Gertrude Nitta, HGEA-R
Ms. Susan Pestana, HSTA-MBC
Mr. Joel Reed, Aetna
Mr. Peter Rodriguez, Hartford
Mr. Rod Tam, HMSA
Mr. Myles Taniguchi, TRIA
Mr. George Yamamoto, HGEA-Retirees

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 3:42 p.m. by Trustee Katherine Thomason, Chairperson, in Conference Room 1935, City Financial Tower, 201 Merchant Street, Honolulu, Hawaii, on Wednesday, January 19, 2005.

II. APPROVAL OF MINUTES

The Board reviewed the amended approved minutes for November 17, 2004, and the draft minutes for December 15, 2004.

The following amendments to the draft minutes for December 15, 2004 were suggested: page 6, line 44 change its to “it is” and add a comma after enrollment and line 45 delete “just”.

MOTION was made to approve the draft minutes for December 15, 2004 as amended. After discussion by the Trustees, the motion passed unanimously. Employer Trustees-5/Employee-Beneficiary Trustees-3)

III. SPECIAL ORDER OF BUSINESS

Presentation by Dr. Fukino, Director, Department of Health Regarding Long Term Living Initiative (see handout). She is requesting that the Board reconsider offering long-term care. Trustee Recktenwald inquired if this is a good idea, what would need to be done next. The Trustees discussed whether the employer would be willing to subsidize and enter into negotiations with the unions on this issue. The Trustees also discussed other available alternatives. The Administrator was asked to inquire with the Chief Negotiator whether or not long-term care is or has been discussed in negotiations.

IV. COMMITTEES

A. Administrative Committee

Chair Recktenwald reported:

1. Open Enrollment

Open enrollment dates are to be held from April 18, 2005 – May 20, 2005. The projected cost is approximately \$176,000. This year, sessions for retirees are going to be held on Oahu and the neighbor islands.

2. Legislative Proposal

The Governor will not be including the EUTF legislative proposal regarding dependent-beneficiaries in the Administrative package.

MOTION made upon the recommendation of the Administrative Committee for the Board to authorize the Administrator to approach the Speaker, President, or Committee Chairs to introduce the EUTF legislative proposal regarding dependent-beneficiaries. The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

3. Insurance Issues

Deferred for discussion to the Board. Mr. Aburano will make a presentation.

4. Garner Consulting Accomplishments

Mr. Garner submitted a letter regarding Garner Consulting's accomplishments as requested by the Administrator (see handout).

5. Extension of Benefits Consultant Contract/Evaluation Criteria of Benefits Consultant

Overview by Chair Recktenwald regarding the extension and evaluation of the benefits consultant. Recommendation made by the Administrative Committee for the Board to authorize the Administrator to go ahead with preparing an RFP for a benefits consultant and not to conduct a formal evaluation. Mr. Aburano clarified that the Administrative Committee's decision did not foreclose the possibility of an extension of the current Benefits Consultant's contract. He stated that the Board has until April 27, 2005 to send a written notice to exercise the option to extend that contract.

MOTION was made upon the recommendation of the Administrative Committee for the Board to go out with an RFP for a benefits consultant contract and not to conduct a formal evaluation, but to leave open the option of an extension of the current Benefits Consultant's contract. The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

6. HIPAA – Memorandum of Agreement (MOA)

A preliminary draft was reviewed by the Board. Overview by Chair Recktenwald regarding an MOA required by HIPAA to protect PHI between the EUTF and Board of Trustees. Brian Aburano will present an updated draft at the next Board meeting.

7. EUTF Special Report Evaluating the Implementation, Administration & Financial Impact of Benefit Plans (referred by Board on 11/17/04)

Overview by Chair Recktenwald regarding concerns by Trustees regarding the EUTF Special Report Evaluating the Implementation, Administration & Financial Impact of Benefit Plans and procedures for reports by the Benefits Consultant. By consensus of the Administrative Committee, recommendation was made for the Board to approve the following procedures for reports from the Benefits Consultant to the Board: (1) Consultant will prepare draft report and distribute to the Trustees for comment; (2) based on comments the Consultant will revise the draft and make any changes that the Consultant deems appropriate; (3) the revised draft will be provided to the Board; (4) Board members may provide written comments to the Consultant to be attached to the report either in original or summary form with any attachments that the authors feel appropriate to have reflected in the report along with the Consultant's response to the comments; and (5) the final report will be from Consultant to the Board with various views that might differ from the report as attachment(s). For the current report, Trustees may submit comments to Garner Consulting. Discussion held by Trustees and staff regarding the process of handling reports from the Benefits Consultant to the Board.

MOTION was made upon the recommendation of the Administrative Committee for the Board to approve the following procedures for reports from the Benefits Consultant to the Board: (1) Consultant will prepare draft report and distribute to the Trustees for comment; (2) based on comments, the Consultant will revise the draft and make any changes that the Consultant deems appropriate; (3) the revised draft will be provided to the Board; (4) Board members may provide written comments to the Consultant to be attached to the report either in original or in summary form with any attachments that the authors feel appropriate to have reflected in the report along with the Consultant's

response to the comments; and (5) the final report will be from Consultant to the Board with various views that might differ from the report as attachment(s). The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

8. EUTF Annual Report for 2004 - Ratify

Trustees were sent a draft of the EUTF Annual Report for 2004 to review. Comments were received and minor changes were made and reflected in the report. The report was submitted to the Legislature. Discussion held by Trustees and staff regarding the minor changes. Recommendation was made by the Administrator to ratify the EUTF Annual Report.

MOTION was made upon the recommendation of the Administrative Committee for the Board to ratify the EUTF Annual Report for 2004 that was submitted to the Legislature. The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

A. Benefits Committee

Chair Radcliffe reported:

1. Annual Report of Consultant

By consensus, the Benefits Committee is in agreement to follow the procedures for reports from the Benefits Consultant to the Board as recommended by the Administrative Committee and approved by the Board. Trustees were asked to give any comments to the consultant in accordance with the process adopted by the Board.

2. Status of Contract Extensions with Insurance Carriers

To be discussed in Executive Session.

V. OTHER REPORTS

A. Administrator

Mr. Williams reported

1. January Update (see written report)

a. Introductory Meetings

b. EUTF Annual Report for 2004

When the EUTF audit for 2004 is received, it will be transmitted to the Board then to the Governor and Legislature.

c. PEHF Refund Project

We are waiting for final approval of our request to increase the EUTF's expenditure authorization due to the increase of cost associated with the attorney fees awarded by the court.

d. Regatta Computer Equipment

e. HIPAA Security Policies and Procedures

f. Direct Deposit of Medicare Part B Premium Refunds in Cooperation with ERS

Brian Aburano will check regarding legal issues. Discussion held by Trustees and staff regarding the commencement date. Mr. Williams stated that his goal is to start in the 2nd quarter of this year.

g. Strategic Direction

Trustees were given a questionnaire and are to submit their responses to the Administrator.

2. 2005 Open Enrollment

Discussed under Administrative Committee report.

3. Impact of Budget Adjustments

Mr. Williams gave an overview regarding the impact of budget adjustments (see handout). Discussion held by Trustees and staff regarding flat screen monitors, safety concerns, HRD's safety program, the budget process and procedures, the Board's responsibility regarding safety issues, and other alternatives to make the work stations safe. The Administrator will contact DHRD's safety program to review and advise the EUTF on the safety concerns and non-monetary mitigating steps to take, and then request for Board approval if monetary solution needed. Trustees also discussed what could be done if Administrative fees do not cover costs of recommended solutions.

4. Preliminary Report on Systems Alternatives

Ms. Shiroma gave an overview regarding the systems alternatives (see handout). Discussion held by Trustees and staff regarding PeopleSoft upgrades, other alternatives, DAGS IT Governance, and the ERS system. Trustees expressed concerns that PeopleSoft is expensive and emphasized the need to look into other alternatives. The Administrator recommends that the Board approve the RFP parallel to investigating alternatives to PeopleSoft.

B. DEPUTY ATTORNEY GENERAL

1. Insurance Issues

To be discussed in Executive Session.

2. Status of Contract Extensions with Insurance Carriers

To be discussed in Executive Session.

C. BENEFITS CONSULTANT

Mr. Garner reported:

1. Annual Report

Discussed under Administrative Committee's Report.

2. Garner Consulting Accomplishments

Discussed under Administrative Committee's Report.

3. Status on HIPAA Privacy Policies & Procedures

A meeting was held with Alex Kagawa and Brian Aburano to go over the outstanding items. A few minor changes need to be made to the policies and procedures and to do more research on some items.

4. Long-Term Care (Transfer to Med-America)

Mr. Keowen reported that in the PEHF's contract with Hartford there is a section on assignment that did not provide for Hartford to be released from liability. A letter regarding this has been sent to Med-America for their response.

5. Garner Consulting Bulletin – December 2004 (see handout)

D. Financial Report as of November 31, 2004

Overview by Ms. Tonaki regarding the financial report (see handouts). Discussion held by Trustees and staff regarding the titles and order of the financial reports.

E. Carrier's Reports

1. HDS

Lynette Arakawa reported that the first issue of the HDS newsletter is attached to the monthly report.

2. Kaiser Permanente

Sandra Benevides reported that the monthly publication has the 2005 contract changes were sent to all subscribers and is not applicable to the EUTF. Kauai open enrollment – there were approximately 16 subscribers that chose another carrier. A grand opening for the Waipio facility is going to be held in March and two facilities on Maui.

3. Royal State Insurance

Written report submitted.

4. VSP

Monica Engle reported that VSP co-sponsored Get Focus and serviced 200 children with free eye exams and a sports vision clinic.

5. HMSA

Rod Tam reported that in Island Scene on page 67 is an update to the drug formulary.

VI. UNFINISHED BUSINESS

A. PeopleSoft Upgrade Project (Costs & Method of Procurement) PeopleSoft RFP

To be discussed in Executive Session.

VII. NEW BUSINESS: None

VIII. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES: None

IX. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

Administrative Committee meeting scheduled for Tuesday, February 22, 2005, 8:30 a.m., CFT-room 1935.

Benefits Committee scheduled for Tuesday, February 22, 2005, 10:30 a.m., CFT-room 1935.

Regular Board meeting scheduled for Wednesday, February 23, 2005, 2:00 p.m., CFT-room 1935.

X. EXECUTIVE SESSION

Motion was made to go into Executive Session at 5:05 p.m. (Watanabe/Shiraki) The motion passed unanimously. Employer Trustees-5/Employee-Beneficiary Trustees-3)

Recess at 5:05 p.m. and Reconvened at 5:11 p.m.

Trustee Recktenwald left at 5:26 p.m.

Motion was made to move out of Executive Session. (Lewis/Watanabe) The motion passed unanimously. Employer Trustees-4/Employee-Beneficiary Trustees-3)

Executive Session adjourned at 5:57 p.m.

Executive Session Report:

1. Approved the PeopleSoft upgrade RFP, authorized issuance of the RFP, and authorized the EUTF staff to delete or modify performance bond, liquidated damages, and make editorial revisions provided that the revisions do not change the scope of work.
2. Approved MBAH request to delete paragraph 4 of attachment S3.

XI. ADJOURNMENT

MOTION was made to adjourn the regular meeting. (Lewis/Watanabe) The motion passed unanimously. (Employer trustees-4/Employee-Beneficiary trustees-3)

The meeting was adjourned at 6:12 p.m.

Respectfully submitted,

/s/

Gerald Machida, Secretary-Treasurer

APPROVED on February 23, 2005.

Documents Distributed:

1. Memorandum to Board of Trustees from Administrator regarding Impact of Budget Adjustments dated 1/10/05. (10 pages)
2. Memorandum to Board of Trustees from Administrator regarding Alternative to PeopleSoft Upgrade-Preliminary Analysis dated 1/11/05. (2 pages)
3. Insurance Issues 2005 dated 1/11/05. (4 pages)
4. Garner Consulting Accomplishments dated 1/11/05. (5 pages)
5. Garner Consulting Bulletin for December, 2004. (2 pages)
6. EUTF Statement of Net Assets (Unaudited) dated 1/19/05. (1 page)
7. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 5 Months Ended 11/30/04 (Unaudited) dated 1/19/05. (1 page)
8. EUTF Statement of Cash Flows 5 Months ended 11/30/04 dated 1/19/05. (1 page)
9. Presentation by Dr. Fukino regarding long-term care dated 1/19/05. (2 pages)
10. Approved Minutes for 8/25/04. (8 pages)
11. Approved Minutes for 10/20/04. (7 pages)